

28 July 2025

## Sharda Cropchem

*Solid start to FY26; momentum to continue; retaining a Buy*

Healthy, 13% y/y, volume growth and market-share gains in its key regions drove Sharda Cropchem's Q1 results. Growth improved on the back of better demand scenario particularly in Europe and a near complete destocking across major regions. Ahead, we believe prices have bottomed out & volumes would improve as the company expands its reach, penetrating current markets and entering new ones. Further, concerns about the US-China trade war are now subsiding, providing stability to organic growth. That said, we expect 14/25/30% revenue/EBITDA/PAT CAGRs over FY25-28. We introduce FY28e and roll forward our valuation to H1 FY28. We retain a Buy recommendation, with a higher TP of Rs1,250 (earlier Rs770), on 18x H1 FY28e EPS.

**Most regions posted double-digit growth.** Recovery has been strong in the past few quarters. Q1 revenue shot up 25% y/y to Rs9.8bn, driven by volume/price/Fx of 13/-1/13% y/y. Agrochemicals' ~11% y/y volume growth was seen across regions, with Europe and LATAM being key contributors. The gross margin expanded 630bps y/y to 35.5%, led by the improved demand and pricing scenario coupled with stable input cost prices. The EBITDA margin rose 360bps y/y to 14.4%, led by higher freight costs and opex. Management is confident of retaining gross margins at 35% for the rest of the year.

**Guidance.** Management expects the growth momentum to continue on a) an extensive registration pipeline, b) Rs4bn-4.5bn capex driving revenue growth and c) market-share gains and operational efficiency supporting growth. With realisations likely to rise in a better demand context globally, management guided to 15%+ y/y revenue growth, with 15-18% EBITDA margins in FY26. Besides, it is optimistic about the non-agrochemical performance and hopes demand rises.

**Valuation.** Factoring in the solid 1Q FY26 operational performance and more forex gains, we raise our FY26e/27e EPS 38/27%. We introduce FY28e and roll forward our valuation to H1 FY28. The brighter demand scenario globally and better earnings assurance has led us to raise our target multiple from 15x earlier to 18x now. We maintain our Buy recommendation, with a higher TP of Rs1,250 (earlier Rs770), based on 18x 1HFY28e EPS.

Key financials (YE Mar)	FY24	FY25	FY26e	FY27e	FY28e
Sales (Rs m)	31,630	43,199	50,930	57,840	63,624
Net profit (Rs m)	319	3,045	5,277	5,869	6,667
EPS (Rs)	3.5	33.7	58.5	65.1	73.9
PE (x)	308.0	32.3	18.6	16.8	14.8
EV / EBITDA (x)	33.9	15.2	9.7	8.0	7.5
PBV (x)	4.4	3.9	3.3	2.8	2.4
RoE (%)	1.4	12.9	19.4	18.3	17.7
RoCE (%)	3.4	16.1	26.1	24.3	23.8
Dividend yield (%)	18.7	2.0	1.3	1.2	1.1
Net debt / equity (x)	-0.1	-0.2	-0.4	-0.4	-0.2

Source: Company, Anand Rathi Research

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Rating: **Buy**

Target Price (12-mnth): Rs.1,250

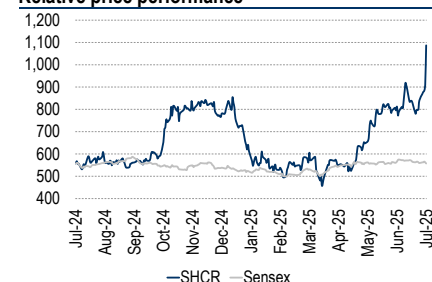
Share Price: Rs.1,090

Key data	SHCR IN / SHCR.BO
52-week high / low	Rs.1,153 / 452
Sensex / Nifty	80,891 / 24,681
Market cap	Rs.98bn
Shares outstanding	90m

Shareholding pattern (%)	Jun'25	Mar'25	Dec'24
Promoters	74.8	74.8	74.8
- of which, Pledged	-	-	-
Free float	25.2	25.2	25.2
- Foreign institutions	5.5	4.7	3.8
- Domestic institutions	9.4	10.3	10.1
- Public	10.3	10.2	11.3

Estimates revision (%)	FY26e	FY27e
Sales	1.7	1.7
EBITDA	14.7	13.6
PAT	37.5	27.0

### Relative price performance



Source: Bloomberg

**Himanshu Binari**  
Research Analyst

## Quick Glance – Financials and Valuations

**Fig 1 – Income statement (Rs m)**

Year-end: Mar	FY24	FY25	FY26e	FY27e	FY28e
Revenues	31,630	43,199	50,930	57,840	63,624
Growth (%)	-21.8	36.6	17.9	13.6	10.0
Raw material	23,424	30,281	34,123	38,753	42,628
Employee & other expenses	5,378	6,783	7,729	8,532	8,935
<b>EBITDA</b>	<b>2,829</b>	<b>6,135</b>	<b>9,078</b>	<b>10,555</b>	<b>12,061</b>
EBITDA margins (%)	8.9	14.2	17.8	18.2	19.0
- Depreciation	2,671	2,747	3,274	3,629	3,952
Other income	598	416	1,273	836	800
Interest expense	36	21	40	40	30
PBT	719	3,783	7,036	7,723	8,883
Effective tax rates (%)	55.6	19.5	25.0	24.0	25.0
+ Associates/(Minorities)	-0	-0	-	-	-4
Adjusted income	319	3,045	5,277	5,869	6,663
Extraord. item (Loss)/Profit	-	-	-	-	4
Reported PAT	319	3,045	5,277	5,869	6,667
WANS	90	90	90	90	90
FDEPS (Rs/share)	3.5	33.7	58.5	65.1	73.9

**Fig 3 – Cash-flow statement (Rs m)**

Year-end: Mar	FY24	FY25	FY26e	FY27e	FY28e
PBT adj. OI and interest	719	3,783	7,036	7,723	8,879
+ Non-cash items	2,708	2,768	3,314	3,669	3,982
Oper. prof. before WC	3,426	6,551	10,350	11,391	12,861
- Incr. / (decr.) in WC	-470	305	-1,797	1,920	11,157
Others incl. taxes	484	209	2,472	2,580	2,950
Operating cash-flow	3,413	6,036	9,675	6,892	-1,246
- Capex (tang. + intang.)	2,721	3,931	4,000	4,000	4,000
Free cash-flow	692	2,106	5,675	2,892	-5,246
Acquisitions	-	-	-	-	-
-Div. (incl. buyback, tax)	270	553	760	760	819
+ Equity raised	-	-	-	-	-4
+ Debt raised	-62	-72	-	-	8
- Fin. investments	1,214	1,170	-673	-686	-700
-Misc. items (CFI+CFF)	31	(88)	-	-	(4)
Net cash-flow	-885	399	5,588	2,817	-5,357

Source: Company, Anand Rathi Research

**Fig 5 – Price movement**



Source: Bloomberg

**Fig 2 – Balance sheet (Rs m)**

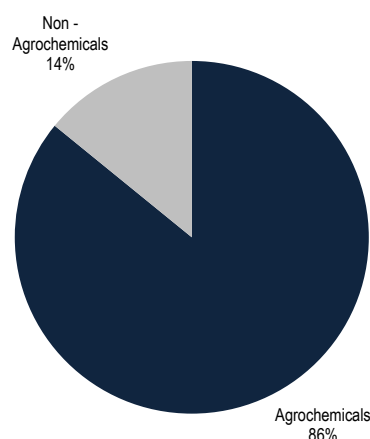
Year-end: Mar	FY24	FY25	FY26e	FY27e	FY28e
Share capital	902	902	902	902	902
Net worth	22,371	25,006	29,523	34,632	40,492
Debt	34	-	-	-	8
Minority interest	4	4	4	4	4
DTL / (Assets)	-103	-116	-116	-116	-116
Long-term Liab. & Prov.	14	13	13	13	13
<b>Capital employed</b>	<b>22,319</b>	<b>24,907</b>	<b>29,424</b>	<b>34,533</b>	<b>40,402</b>
Net tangible assets	182	101	101	101	101
Net intangible assets	6,900	7,402	8,129	8,500	8,548
Goodwill	-	-	-	-	1
CWIP (tang. & intang.)	2,829	2,914	2,914	2,914	2,914
Investments (strategic)	-	-	-	-	1
Investments (financial)	-	-	-	-	-
Current asset (excl. cash)	27,902	31,569	36,100	41,217	45,110
Cash	2,468	5,147	10,735	13,552	8,215
Current liabilities	17,961	22,226	28,554	31,751	24,487
Working capital	9,941	9,343	7,546	9,466	20,623
<b>Capital deployed</b>	<b>22,319</b>	<b>24,907</b>	<b>29,424</b>	<b>34,533</b>	<b>40,404</b>

**Fig 4 – Ratio analysis**

Year-end: Mar	FY24	FY25	FY26e	FY27e	FY28e
P/E (x)	308.0	32.3	18.6	16.8	14.8
EV / EBITDA (x)	33.9	15.2	9.7	8.0	7.5
EV / Sales (x)	3.0	2.2	1.7	1.5	1.4
P/B (x)	4.4	3.9	3.3	2.8	2.4
RoE (%)	1.4	12.9	19.4	18.3	17.7
RoCE (%) - after tax	3.4	16.1	26.1	24.3	23.8
RoIC	1.4	12.9	19.4	18.3	17.7
DPS (Rs)	204.1	21.4	14.4	13.0	12.2
Dividend yield (%)	18.7	2.0	1.3	1.2	1.1
Dividend payout (%) - incl. DDT	204.1	21.4	14.4	13.0	12.2
Net debt / equity (x)	-0.1	-0.2	-0.4	-0.4	-0.2
Receivables (days)	192	146	153	155	158
Inventory (days)	166	118	109	111	115
Payables (days)	305	242	272	284	241
CFO : PAT %	1,069	198	183	117	-19

Source: Company, Anand Rathi Research

**Fig 6 – Segment-wise revenue, Q1 FY26**



Source: Company

**Fig 7 – Sales breakup**

(Rs m)	Q2FY24	Q3FY24	Q4FY24	FY24	Q1FY25	Q2FY25	Q3FY25	Q4FY25	FY25	Q1FY26
Agro-chemicals	4,400	5,080	12,150	26,383	6,790	6,340	7,690	16,910	37,730	8,470
Non – Agro-chemicals	1,410	1,240	970	5,244	1,050	1,420	1,600	1,380	5,450	1,390
<b>Total</b>	<b>5,810</b>	<b>6,320</b>	<b>13,120</b>	<b>31,628</b>	<b>7,840</b>	<b>7,760</b>	<b>9,290</b>	<b>18,290</b>	<b>43,180</b>	<b>9,860</b>

**Growth %**

Agro-chemicals	(23.6)	(39.7)	(7.6)	(21.2)	42.9	44.1	51.4	39.2	43.0	24.7
Non – Agro-chemicals	(3.4)	(29.3)	(41.6)	(24.8)	(35.4)	0.7	29.0	42.3	3.9	32.4
<b>Total</b>	<b>(19.5)</b>	<b>(37.9)</b>	<b>(11.5)</b>	<b>(21.8)</b>	<b>22.9</b>	<b>33.6</b>	<b>47.0</b>	<b>39.4</b>	<b>36.5</b>	<b>25.8</b>

Source: Company

**Fig 8 – Region-wise analysis of agrochemicals revenue**

(Rs m)	Q2FY24	Q3FY24	Q4FY24	FY24	Q1FY25	Q2FY25	Q3FY25	Q4FY25	FY25	Q1FY26
Europe	2,310	2,410	7,820	15,010	3,640	4,040	2,940	11,150	21,770	5,230
NAFTA	1,330	1,840	3,400	8,220	2,490	1,260	3,590	4,930	12,270	2,560
RoW	260	500	600	1,610	260	460	620	440	1,780	210
LATAM	500	330	330	1,550	400	580	540	390	1,910	470
<b>Total Agrochem Sales</b>	<b>4,400</b>	<b>5,080</b>	<b>12,150</b>	<b>26,390</b>	<b>6,790</b>	<b>6,340</b>	<b>7,690</b>	<b>16,910</b>	<b>37,730</b>	<b>8,470</b>

**Growth %**

Europe	(2.9)	(23.7)	(12.4)	(14.7)	48.0	74.9	22.0	42.6	45.0	43.7
NAFTA	(42.2)	(53.5)	10.0	(27.1)	50.0	(5.3)	95.1	45.0	49.3	2.8
RoW	(40.9)	(37.5)	(10.4)	(26.5)	13.0	76.9	24.0	(26.7)	10.6	(19.2)
LATAM	(21.9)	(34.0)	(29.8)	(36.5)	0.0	16.0	63.6	18.2	23.2	17.5
<b>Total</b>	<b>(23.6)</b>	<b>(39.7)</b>	<b>(7.7)</b>	<b>(21.2)</b>	<b>42.9</b>	<b>44.1</b>	<b>51.4</b>	<b>39.2</b>	<b>43.0</b>	<b>24.7</b>

Source: Company

**Fig 9 – Region-wise analysis of non-agrochemicals revenue**

(Rs m)	Q2FY24	Q3FY24	Q4FY24	FY24	Q1FY25	Q2FY25	Q3FY25	Q4FY25	FY25	Q1FY26
Europe	230	240	160	850	160	240	170	200	770	220
NAFTA	860	750	600	3,050	680	920	1,130	940	3,670	930
RoW	240	180	160	1,030	90	190	130	130	550	120
LATAM	80	70	50	310	120	70	170	110	470	120
<b>Total</b>	<b>1,410</b>	<b>1,240</b>	<b>970</b>	<b>5,240</b>	<b>1,050</b>	<b>1,420</b>	<b>1,600</b>	<b>1,380</b>	<b>5,460</b>	<b>1,390</b>

<b>Growth %</b>	<b>Q2FY24</b>	<b>Q3FY24</b>	<b>Q4FY24</b>	<b>FY24</b>	<b>Q1FY25</b>	<b>Q2FY25</b>	<b>Q3FY25</b>	<b>Q4FY25</b>	<b>FY25</b>	<b>Q1FY26</b>
Europe	(28.1)	(7.7)	(15.8)	(37.5)	(27.3)	4.3	(29.2)	25.0	(9.4)	37.5
NAFTA	3.6	(34.8)	(45.9)	(27.9)	(19.0)	7.0	50.7	56.7	20.3	36.8
RoW	14.3	(30.8)	(48.4)	2.0	(80.0)	(20.8)	(27.8)	(18.8)	(46.6)	33.3
LATAM	(20.0)	(12.5)	-	(13.9)	9.1	(12.5)	142.9	120.0	51.6	-
<b>Total</b>	<b>(3.4)</b>	<b>(29.1)</b>	<b>(41.6)</b>	<b>(24.7)</b>	<b>(35.2)</b>	<b>0.7</b>	<b>29.0</b>	<b>42.3</b>	<b>4.2</b>	<b>32.4</b>

Source: Company

**Fig 10 – Volume growth, pricing and forex impact on sales growth**

(Rs m)	Q2FY24	Q3FY24	Q4FY24	FY24	Q1FY25	Q2FY25	Q3FY25	Q4FY25	FY25	Q1FY26
Volume	19.7	(20.8)	25.0	4.0	41.2	21.0	49.5	49.0	42.0	13.0
Price	(45.0)	0.0	(40.0)	(30.0)	0.0	10.0	0.0	(24.0)	(12.0)	(1.0)
Exchange	5.0	0.0	3.2	4.0	0.0	3.0	0.0	14.0	7.0	13.0
<b>Total</b>	<b>(20.3)</b>	<b>(20.8)</b>	<b>(11.8)</b>	<b>(22.0)</b>	<b>41.2</b>	<b>34.0</b>	<b>49.5</b>	<b>39.0</b>	<b>37.0</b>	<b>25.0</b>

Source: Company

Fig 11 – No. of registrations

Region	Q2FY24	Q3FY24	Q4FY24	FY24	Q1FY25	Q2FY25	Q3FY25	Q4FY25	FY25	Q1FY26
Europe	1,587	1,602	1,617	1,617	1,625	1,627	1,634	1,648	1,648	1,660
NAFTA	300	297	300	300	300	303	307	309	309	315
RoW	242	246	246	246	250	247	248	250	250	248
LATAM	756	756	756	756	750	757	760	760	760	760
<b>No. of registrations</b>	<b>2,885</b>	<b>2,901</b>	<b>2,919</b>	<b>2,919</b>	<b>2,925</b>	<b>2,934</b>	<b>2,949</b>	<b>2,964</b>	<b>2,967</b>	<b>2,983</b>

Source: Company

Fig 12 – Financial snapshot - consolidated

(Rs m)	Q1FY26	Q1FY25	y/y (%)	Q4FY25	q/q (%)	FY26	FY25	y/y (%)
<b>Revenue</b>	<b>9,848</b>	<b>7,851</b>	<b>25.4</b>	<b>18,285</b>	<b>(46.1)</b>	<b>50,930</b>	<b>43,199</b>	<b>17.9</b>
Raw material costs	6,356	5,562	14.3	12,845	(50.5)	34,123	30,281	12.7
<b>Gross profit</b>	<b>3,492</b>	<b>2,289</b>	<b>52.6</b>	<b>5,440</b>	<b>(35.8)</b>	<b>16,807</b>	<b>12,918</b>	<b>30.1</b>
Employee costs	149	112	33.9	182	(18.1)	662	520	27.3
Other expenses	1,921	1,324	45.1	2,332	(17.6)	7,067	6,263	12.8
Total operating expenses	2,070	1,435	44.2	2,514	(17.7)	7,729	6,783	13.9
<b>EBITDA</b>	<b>1,422</b>	<b>853</b>	<b>66.6</b>	<b>2,926</b>	<b>(51.4)</b>	<b>9,078</b>	<b>6,135</b>	<b>48.0</b>
Depreciation	781	648	20.5	719	8.6	3,274	2,747	19.2
<b>EBIT</b>	<b>641</b>	<b>206</b>	<b>211.8</b>	<b>2,207</b>	<b>(71.0)</b>	<b>5,804</b>	<b>3,388</b>	<b>71.3</b>
Less: Interest expense	6	8	(27.1)	4	36.6	40	21	90.0
Add : Other income	1,056	110	NA	358	NA	1,273	416	205.7
<b>Profit before tax</b>	<b>1,691</b>	<b>308</b>	<b>449.4</b>	<b>2,561</b>	<b>(34.0)</b>	<b>7,036</b>	<b>3,783</b>	<b>86.0</b>
Less: Provision for tax	263	35	645.2	525	NA	1,759	739	138.0
<b>Adjusted profit</b>	<b>1,428</b>	<b>273</b>	<b>424.0</b>	<b>2,036</b>	<b>(29.9)</b>	<b>5,277</b>	<b>3,044</b>	<b>73.4</b>
Exceptional items	0	0	NA	0	NA	0	0	
<b>Reported profit</b>	<b>1,428</b>	<b>273</b>	<b>424.0</b>	<b>2,036</b>	<b>(29.9)</b>	<b>5,277</b>	<b>3,044</b>	<b>73.4</b>
Equity capital (FV Rs 10)	902	902		902		902	902	
No. of diluted shares outstanding (mn)	90	90		90		90	90	
<b>Adjusted diluted EPS</b>	<b>15.8</b>	<b>3.0</b>	<b>424.0</b>	<b>22.6</b>	<b>(29.9)</b>	<b>58.5</b>	<b>33.7</b>	<b>73.4</b>
<b>As % of revenues</b>								
COGS	64.5	70.8		70.2		67.0	70.1	
Gross profit	35.5	29.2		29.8		33.0	29.9	
Employee costs	1.5	1.4		1.0		1.3	1.2	
Other expenses	19.5	16.9		12.8		13.9	14.5	
Total operating expenses	21.0	18.3		13.7		15.2	15.7	
EBITDA	14.4	10.9		16.0		17.8	14.2	
Net profit	14.5	3.5		11.1		10.4	7.0	

Source: Company, Anand Rathi Research \* MI – Minority interest

## Valuation

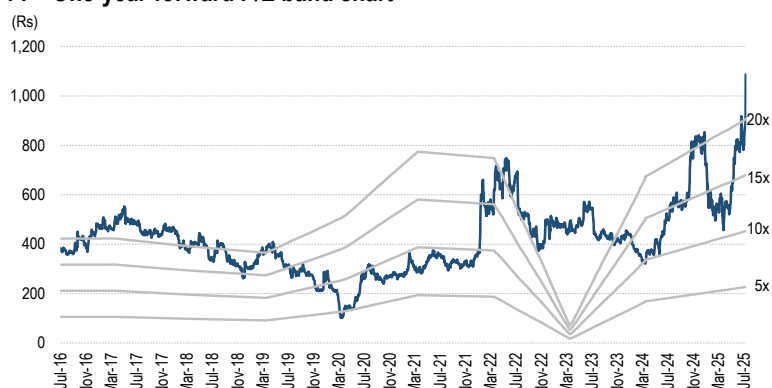
**Fig 13 – Change in estimates**

(Rs m)	FY26e			FY27e			FY28e
	Old	New	Change (%)	Old	New	Change(%)	New
Revenue	50,088	50,930	1.7	56,866	57,840	1.7	63,624
EBITDA	7,915	9,078	14.7	9,288	10,555	13.6	12,061
EBITDA margin (%)	15.8	17.8	202	16.3	18.2	192	19.0
PAT	3,839	5,277	37.5	4,622	5,869	27.0	6,667
EPS (Rs)	42.5	58.5	37.5	51.2	65.1	27.0	73.9

Source: Anand Rathi Research

Factoring in the Q1 FY26 operational performance (higher sustainable gross margins for the rest of the year) and higher forex gains, we raise our FY26e/27e EPS 38/27%. We introduce FY28e and roll forward our valuation to H1 FY28. The better demand scenario globally and greater earnings assurance lead us to raise our target multiple from 15x earlier to 18x now. We maintain our Buy rating, with a TP of Rs1,250 (earlier Rs770), on 18x H1 FY28e EPS.

**Fig 14 – One-year-forward P/E band chart**



Source: Bloomberg, Anand Rathi Research

## Key risks

Monsoon dependence is generally an inherent risk in agrochemicals. Factors specific to the company are

- **Delay in securing registrations** would lead to revenue loss because of the seasonal nature of the business.
- **Forex volatility.** A global manufacturer, Sharda is vastly exposed to foreign currency movements, primarily sourcing active ingredients and formulations from China in dollars and selling to the EU in euros. Since a substantial portion of its revenue and expenditure is in foreign currencies, to a certain extent, it enjoys a natural hedge. Its foreign-currency exposure over and above this may curb profits.
- **Climate.** Crop-protection products are affected by extreme climatic conditions (floods, drought, etc.), an inherent risk.
- **Dependence on Chinese suppliers and local vendors for active ingredients and formulations.** Adverse movements in the yuan, and rising labour and environmental-compliance costs could notably affect Chinese manufacturers' competitiveness, which could restrict the company's sourcing.

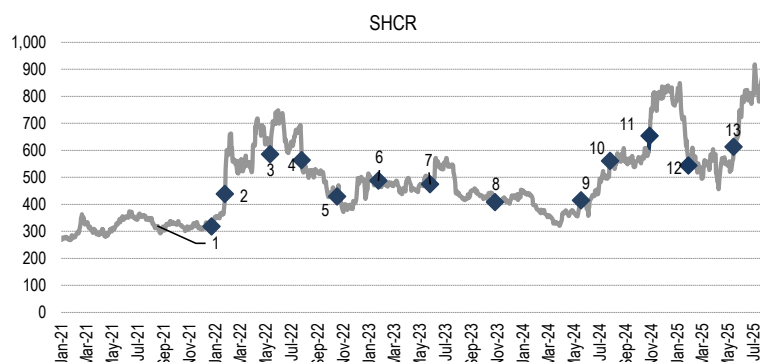
## Appendix

### Analyst Certification

The views expressed in this Research Report accurately reflect the personal views of the analyst(s) about the subject securities or issuers and no part of the compensation of the research analyst(s) was, is, or will be directly or indirectly related to the specific recommendations or views expressed by the research analyst(s) in this report. The research analysts are bound by stringent internal regulations and also legal and statutory requirements of the Securities and Exchange Board of India (hereinafter "SEBI") and the analysts' compensation are completely delinked from all the other companies and/or entities of Anand Rathi, and have no bearing whatsoever on any recommendation that they have given in the Research Report.

### Important Disclosures on subject companies

#### Rating and Target Price History (as of 25 July 2025)



	Date	Rating	TP (Rs)	Share Price (Rs)
1	30-Dec-21	Buy	480	341
2	24-Jan-22	Buy	600	438
3	16-May-22	Buy	835	645
4	26-Jul-22	Buy	745	531
5	21-Oct-22	Buy	580	445
6	25-Jan-23	Buy	635	505
7	15-May-23	Buy	625	497
8	23-Oct-23	Hold	500	422
9	14-May-24	Hold	425	401
10	25-Jul-24	Hold	576	552
11	28-Oct-24	Hold	730	654
12	27-Jan-25	Buy	730	654
13	15-May-25	Buy	770	611

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Analysts' ratings and the corresponding expected returns take into account our definitions of Large Caps, Mid Caps & Small Caps as described in the Ratings Table below:

#### Ratings Guide (12 months)

	Buy	Hold	Sell
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Mid Caps (101st-250th company)	>20%	0-20%	<0%
Small Caps (251st company onwards)	>25%	0-25%	<0%

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